

FINAL BILL REPORT

SB 5869

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Synopsis as Enacted

Brief Description: Authorizing nonprofit corporations to participate in self-insurance risk pools.

Sponsors: Senators T. Sheldon, Winsley, Eide, Schmidt, Prentice and Kline.

Senate Committee on Financial Services, Insurance & Housing
House Committee on Financial Institutions & Insurance

Background: Self-insurance covers losses by setting aside money, rather than by purchasing an insurance policy. The business advantages of self-insurance are premium savings, including cost loadings, and protection against premium increases, especially in the event of high frequency, low severity losses.

Washington State statutes permit local government entities to self-insure. Self-insurance typically involves property and liability coverage, and may apply to other types of insurance as well.

Summary: Nonprofit corporations are allowed to self-insure, under the same conditions and with the same regulatory oversight as local government entities. Self-insured entities are subject to audit, and can provide for their own risk management and legal counsel.

Conditions for self-insurance include filing with the State Risk Manager, and being subject to standards of management, solvency, actuarial analyses and claims audits. Self-insurance programs approved by the State Risk Manager must file annual reports.

Self-insured entities can individually or jointly purchase insurance or reinsurance with other nonprofit corporations. They can also contract jointly for risk management, claims and administrative services.

There are exemptions from this act for nonprofit corporations that: individually self-insure for property and liability risks; participate in a risk pool regulated under the insurance code or as a captive insurer authorized in another state; or licensed hospitals owned or affiliated with a hospital that participates in a self-insurance risk pool.

Votes on Final Passage:

Senate	48	1	
House	95	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: June 10, 2004